

**MINUTES**  
**April 30, 2004**  
**Stevens T Mason Building**  
**7<sup>th</sup> Floor, 1921 Department of Conservation Conference Room**  
**Lansing, Michigan**

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**NATURAL RESOURCES COMMISSION**  
**POLICY COMMITTEE ON FINANCE AND ADMINISTRATION**

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**Investments, Camping Fees, Fund Balances, Lapses,  
Spending Plans, Budget Update and Revenue Enhancements**

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**PRESENT:**

Commissioner Bill Parfet, Chair  
Commissioner Frank Wheatlake  
Commissioner Jerry Hall  
Director K. L. Cool, DNR  
Director Designee Rebecca Humphries, DNR  
Administrative Services Deputy Kelli Sobel, DNR  
Upper Peninsula Field Deputy Jim Ekdahl, DNR

**OTHER ATTENDEES:**

Steve Arwood, Michigan Natural Resources Trust Fund Board  
Steve Baker, Auditor General  
Bill Bobier, Michigan United Conservation Clubs  
Rich Bowman, Michigan Council of Trout Unlimited  
Jason Dinsmore, Michigan United Conservation Clubs  
Dennis Fox, Lt. Governor's Office  
Ivan Giese, Michigan Wild Turkey Hunters Association  
Bob Gwizdz, Booth Newspapers  
Jenny Harrison, Department of Management and Budget  
David Johnson, Waterways Commission  
Mike Kennedy, National Wildlife Turkey Federation  
Nancy Krupiarz, Rails to Trails  
Bill Manson, Michigan Snowmobile Association  
Jim Maturen, Michigan Wild Turkey Hunters Association  
Paul Nelson, Department of Treasury  
Jessica Runnels, Senate Fiscal Agency  
Carol Bambery, Legal Services, DNR  
Tom Benson, Chief, Office of Program Assistance and Review and Staff, DNR  
Doug Finley, Chief, Office of Education and Outreach, DNR  
Fisheries Division Staff, DNR

Forest, Mineral and Fire Management Division Staff, DNR  
David Freed, Chief, Office of Land and Facilities and Staff, DNR  
Joe Frick, Chief, Office of Financial Services and Staff, DNR  
Dennis Knapp, Legislative Liaison, DNR  
Alan Marble, Acting Chief, Law Enforcement Division and Staff, DNR  
Bill Moritz, Acting Chief, Wildlife Division and Staff, DNR  
Sharon Schafer, Chief, Office of Budget and Support Services and Staff, DNR  
Lowen Schuett, Acting Chief, Parks and Recreation and Staff, DNR  
Jim Wood, Chief, Grants, Contracts and Customer Systems, DNR  
Brad Wurfel, Press Secretary, DNR

**Chairman Parfet** called the meeting of the NRC Policy Committee on Finance and Administration (Policy Committee) to order at 9:03 a.m. **Chairman Parfet** acknowledged that Director K. L. Cool and Director Designee Rebecca Humphries were in attendance.

## **INVESTMENTS**

**Paul Nelson** provided an update on Department of Natural Resources (DNR) equity investments. As of March 31, 2004, DNR is fully invested at our asset allocation goals and has made \$9 million on our investments. He stated the total available for investment for the Game and Fish Protection (G&FP), Game and Fish Trust (G&FT), MCCC Endowment (MCCC), Natural Resources Trust (NRT), Park Endowment (PE) and Non-Game Trust (NGT)) was \$452 million, and the amount targeted for equities was \$128.5. As of March 31, 2004, \$126.7 was invested for these six funds, so we are under invested by \$1.8 million, partly due to market value fluctuations. The target for fixed investments for the six funds (same funds as listed above) was \$323.5 million, and \$322 million is invested. Discussion ensued. **Chairman Parfet** said an investment update will be given at the September 2004 Policy Committee meeting as well as review our asset allocations.

## **CAMPING FEES INCREASE PROPOSAL**

**Kelli Sobel** reported that all GF/GP funding was removed from Parks and Recreation Division operating budget for fiscal year 2004. The Legislature approved an entrance fee increase for this year. DNR will have to do fee increases on a more regular schedule in order to keep pace with inflationary costs of running the parks system. The proposed increases will range from \$1 to \$6 and should raise approximately \$3 million each year. The proposed increases are based on amenities and park use and would begin in January 2005. **Lowen Schuett** distributed a list of proposed camping fees by park. **Director Cool** said he was pleased to find a mechanism to help reduce the deficiency in funds for the parks system, however, this is a temporary solution and a more stable funding source is needed. **Director Designee Humphries** said the state parks are the crown jewels of the state and it is imperative that we have the appropriate funding to operate them. **Chairman Parfet** asked how our fees compare to other camping facilities. **Lowen Schuett** said our camping fees are normally below private campgrounds, but are similar in price with our neighboring states' camping fees. **Chairman Parfet** said this issue should go to the Natural Resources Commission (NRC) and made a **motion to send the state parks camping fee proposal to the full NRC for discussion**. All supported; none opposed.

## **FUND BALANCES**

**Kelli Sobel** reviewed DNR fund balances compared to targets and three years of lapse information. There are different types of lapses – lapses of money that is appropriated but not earned (excess spending authority), lapses because of the Executive Directives, and lapses because we could not get projects moving. She also reviewed spending plans for three of the funds that we have had trouble getting funds appropriated - which are Off-Road Vehicle (ORV), Deer Range Improvement Program (DRIP) and Turkey Permits. DNR will always lapse money because you cannot spend down to zero. **Steve Arwood** commented that when funds are lapsed the Legislature believes you do not need it. Discussion ensued.

**Kelli Sobel** provided a proposed spending plan to spend down \$2.6 million of the ORV fund which includes a Forest, Mineral and Fire Management Division request for a system-wide sign upgrade and reflects our desire to have our fund balance appropriated. The major reasons for the DRIP fund balance being large are because the appropriation for deer yard acquisition was not allowed to carry forward and our request for an equipment maintenance appropriation was not approved. **Bill Moritz** said that Wildlife needs have been consistent and DNR will continue to ask for \$3 million to acquire critical habitat. Once we have acquired the lands, we will need to manage them and our equipment is dated so we would request \$500,000 for new equipment, \$200,000 for maintenance, and \$400,000 for a stewardship program for two positions to provide technical assistance to private land owners. From the Turkey Fund, there are equipment needs of \$350,000 for equipment, and \$346,323 annually for three years for a research project that reviews population monitoring and management methodologies, identifies the gaps and does appropriate research to improve our management process. This would add three positions and would expand our turkey management staff. **Jim Maturen** had concerns about Turkey expenditures. **Director Designee Humphries** stated that we have had dialogue with Michigan Turkey Hunters Association and the Federation in terms of the appropriate use of Turkey money. We are not in agreement with them at this time, but are continuing that dialogue. Discussion ensued.

**Kelli Sobel** stated that Mindy Koch is heading up a statewide group to look at equipment usage across all state departments. **Director Designee Humphries** said DNR did an equipment inventory and have readily shared equipment between Divisions. Discussion ensued.

**Chairman Parfet** said that Commissioner Wheatlake and he will be meeting with Governor Granholm to discuss DNR spending plans as well as request relief from the Executive Directives.

## **BUDGET UPDATE**

**Kelli Sobel** reported that DNR's budget bill for fiscal year 2005 is out of the Senate and hearings have started in the House. The Senate removed funding for Bovine TB and cut DNR travel by 6%. They also used Waterways money to replace the Marine Safety reduction which is not a legal expenditure of Waterways money. The Payment in Lieu of Taxes (PILT) issue is not moving. The Legislature has not acted on the transfer to allow us to make the February PILT

payments. Certain members in the Legislature are looking at taking GF/GP out of our budget to fund PILT or requiring us to sell land to pay PILT. Discussion ensued.

### **REVENUE ENHANCEMENTS**

**Chairman Parfet** said that he wants to begin discussions at the September 2004 Policy Committee meeting about fee increases to support critical programs and to look at groups that do not currently pay fees. Discussion ensued.

### **RESTRICTED FUNDS PROTECTION**

**Chairman Parfet** wants the Department to move forward on Constitutional Protection for our funds. **David Johnson** said the Waterways Commission supports and encourages this. **Steve Arwood** said the MNRTF has this protection. **Bill Bobier** said that Representative Richardville introduced a bill or resolution to constitutionally protect some of our funds, including the Waterways and Game and Fish Trust Funds. Discussion ensued.

**Chairman Parfet** suggested setting up a private foundation and fund raising effort to exclusively support our natural resources and Department programs. There is constituent concern that this might cause the Legislature to remove all the GF/GP from DNR's budget, however, our GF/GP is already minimal. Discussion ensued.

The next NRC Policy Committee on Finance and Administration will be held in September 2004. Agenda topics will include: investment update and reestablishing the asset allocation requirements; follow up to the upcoming Commissioners meeting with the Governor's office regarding moving forward with constitutional protection and relief from use of executive orders on our restricted funds, and appropriations for our excess fund balances; and a PILT solution update.

The Minutes from the February 23, 2004 NRC Policy Committee on Finance and Administration were approved by the Committee. All supported; none opposed.

**Chairman Parfet** adjourned the meeting at 10:55 a.m.

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**Frank Wheatlake, Chair**  
NRC Policy Committee on Finance  
and Administration

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**Date**